Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

# Message Text

UNCLASSIFIED

PAGE 01 STATE 002853
ORIGIN AGRE-00

INFO OCT-01 ARA-10 ISO-00 EB-07 AID-05 IO-13 USIA-15
COME-00 TRSE-00 CIAE-00 INR-07 NSAE-00 /058 R

DRAFTED BY OGSM:CEP: K O STEPHENS:RCW
APPROVED BY EB/OFP/FPD:PTAYLOR
OGSM:CEP: G S SHANKLIN
OGSM:CEP: F A WOODLING
FAS: N J PETTIPAW
FAS: E R BEVIS
STATE: F SPILLMAN
ARA/AND/B: R PACE
----------062155Z 096357 /70
P 062117Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY LA PAZ PRIORITY
INFO AMEMBASSY LIMA PRIORITY

UNCLAS STATE 002853

LIMA FOR AG ATTACHE

E.O. 11652:N/A

TAGS:EAGR:BL

SUBJECT:TERMS ON CCC WHEAT CREDIT TO BOLIVIA

REF: LA PAZ 10158

1. INTEREST RATES ON BOLIVIAN 3-YEAR CREDIT LINE IS THAT IN EFFECT WHEN FINANCING APPLICATIONS FILED BY US EXPORTERS AT TIME OF SALE, I.E. 9 PERCENT ON THAT PORTION COVERED BY A FOREIGN BANK LETTER OF CREDIT AND 8 PERCENT ON THE PORTION COVERED BY A US BANK CONFIRMATION. WHEN A FOREIGN BANK L/C IS CONFIRMED 100 PERCENT BY A US BANK THE LOWER
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 002853

INTEREST RATE IS CHARGED ON THE ENTIRE AMOUNT. INTEREST RATES TO BE PAID BY BOLIVIA WERE AND ARE THE SAME AS FOR ALL COUNTRIES OBTAINING 3-YEAR TERMS.

2. INTEREST RATES ON 1-YEAR TERMS HAVE JUST BEEN REDUCED TO 6 AND 7 PERCENT AND 2-YEAR TERMS TO 7 AND 8 PERCENT, WITH THE LOWER RATE ON OBLIGATIONS COVERED BY A

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

US BANK L/C OR US BANK CONFIRMATION. HOWEVER, NO CHANGE MADE IN INTEREST RATE FOR 3-YEAR TERMS, SINCE PURPOSE OF CHANGE IS TO ENCOURAGE SHORTER-TERM FINANCING.

3. THE US PRIME RATE IS ONE EXTENDED BY US BANKS TO TOP

CUSTOMERS AND USUALLY CUSTOMER IS REQUIRED TO MAINTAIN A 20 PERCENT COMPENSATING BALANCE IN THEIR ACCOUNT AT THE BANK. EVEN IF CUSTOMER RECEIVES INTEREST ON BALANCE, HE ONLY HAS USE OF 80 PERCENT OF LOAN AND MUST PAY INTEREST ON 100 PERCENT, WHICH MAKES EFFECTIVE RATE OF LOAN HIGHER THAN PUBLISHED RATE. FURTHER, THE PRIME IS A SHORT-TERM RATE, USUALLY 180 DAYS OR LESS.

4. CURRENTLY THE US PRIME IS ABOUT SIX AND A QUARTER. THE ONE-YEAR RATE UNDER CCC CREDIT WITH A US BANK GUARANTEE IS NOW ONLY 6 PERCENT.
KISSINGER

UNCLASSIFIED

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

# Message Attributes

**Automatic Decaptioning:** X
**Capture Date:** 01-Jan-1994 12:00:00 am
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** WHEAT, CREDIT GUARANTEES, BANK LOANS, INTEREST RATES
**Control Number:** n/a
**Copy:** SINGLE
**Sent Date:** 06-Jan-1977 12:00:00 am
**Decaption Date:** 01-Jan-1960 12:00:00 am
**Decaption Note:**
**Disposition Action:** n/a
**Disposition Approved on Date:**
**Disposition Case Number:** n/a
**Disposition Comment:**
**Disposition Date:** 01-Jan-1960 12:00:00 am
**Disposition Event:**
**Disposition History:** n/a
**Disposition Reason:**
**Disposition Remarks:**
**Document Number:** 1977STATE002853
**Document Source:** CORE
**Document Unique ID:** 00
**Drafter:** CEP: K O STEPHENS:RCW
**Enclosure:** n/a
**Executive Order:** N/A
**Errors:** N/A
**Expiration:**
**Film Number:** D770006-0354
**Format:** TEL
**From:** STATE
**Handling Restrictions:** n/a
**Image Path:**
**ISecure:** 1
**Legacy Key:** link1977/newtext/t19770174/aaaacmuv.tel
**Line Count:** 80
**Litigation Code IDs:**
**Litigation Codes:**
**Litigation History:**
**Locator:** TEXT ON-LINE, ON MICROFILM
**Message ID:** f767b8dc-c288-dd11-92da-001cc4696bcc
**Office:** ORIGIN AGRE
**Original Classification:** UNCLASSIFIED
**Original Handling Restrictions:** n/a
**Original Previous Classification:** n/a
**Original Previous Handling Restrictions:** n/a
**Page Count:** 2
**Previous Channel Indicators:** n/a
**Previous Classification:** n/a
**Previous Handling Restrictions:** n/a
**Reference:** 77 LA PAZ 10158
**Retention:** 0
**Review Action:** RELEASED, APPROVED
**Review Content Flags:**
**Review Date:** 08-Oct-2004 12:00:00 am
**Review Event:**
**Review Exemptions:** n/a
**Review Media Identifier:**
**Review Release Date:** n/a
**Review Release Event:** n/a
**Review Transfer Date:**
**Review Withdrawn Fields:** n/a
**SAS ID:** 3650179
**Secure:** OPEN
**Status:** NATIVE
**Subject:** TERMS ON CCC WHEAT CREDIT TO BOLIVIA
**TAGS:** EAGR, BL, CCC
**To:** LA PAZ
**Type:** TE
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS_Docs/f767b8dc-c288-dd11-92da-001cc4696bcc
**Review Markings:**
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009